

B. Plebeus

RESOLUTION ESTABLISHING THE TEMESCAL/TELEGRAPH AVENUE PROPERTY BUSINESS IMPROVEMENT DISTRICT OF 2005, APPROVING THE MANAGEMENT PLAN, DIRECTING FILING OF THE PROPOSED ASSESSMENT DISTRICT BOUNDARY DESCRIPTION, MAKING A DETERMINATION WITH REGARD TO THE MAJORITY PROTEST PROCEDURE FOR APPROVAL OF THE PROPOSED ASSESSMENTS; AND APPROVING THE ASSESSMENTS FOR THE DISTRICT

WHEREAS, the City Council of the City of Oakland enacted the City of Oakland Business Improvement District Ordinance (Chapter 4.48, Ordinance 12190, 1999) establishing the procedures for the formation of Business Improvement Districts; and

WHEREAS, the City Council approved a Neighborhood Business Improvement District ("NBID") Program pursuant to Oakland City Council Resolution No. 75323, dated November 9, 1999, to provide technical and financial assistance to stakeholder groups of business and property owners in the City to assist in the formation of such districts; and

WHEREAS, the property owners in the Temescal/Telegraph Avenue district have duly petitioned to form the Temescal/Telegraph Avenue Property Business Improvement District of 2005 ("District") under the City of Oakland Business Improvement District Ordinance (the "BIMD Ordinance") to form the District and have proposed the Management Plan for the operation of the District ("Plan") (**Exhibit A**); and

WHEREAS, the Plan contains a detailed engineer's report prepared by a registered professional engineer recognized by the State of California; and

WHEREAS, the Plan was prepared in accordance with the provisions Article XIII of the California Constitution, and has been filed with the City Clerk for proceedings in formation of this district; and

WHEREAS, the Plan, incorporated by this reference, provides for new security, crime prevention, sidewalk maintenance, promotional, and marketing activities and improvements of particular benefit to the properties located within the District (as more specifically identified in the Plan attached hereto); and

WHEREAS, the Plan was prepared in accord with the provisions of the BIMD Ordinance overseeing the formation of the District as referenced above, and has been filed with the City Clerk for proceedings in formation of this District; and

WHEREAS, the City Council of the City of Oakland adopted a Resolution of Intention to form the Temescal/Telegraph Avenue Property Business Improvement District of 2005 on May 18, 2004;

NOW, THEREFORE, the City Council of the City of Oakland finds that the Management Plan for the District satisfies all the requirements of the BIMD Ordinance, the laws of the State of California and the California Constitution with regard to the formation of Business Improvement Districts, and does hereby find, determine and resolve as follows:

1. A Business Improvement District is hereby established pursuant to the BIMD Ordinance with the boundaries as specified in the Plan on file in the office of the City Clerk, a copy of which is attached hereto as **Exhibit A**.
2. A copy of the preliminary report of the City Clerk is on file in the office of the City Clerk relating to the formation of the District.
3. The Plan for the District, is approved and the assessments for the first year shall be as provided for in the Plan (**Exhibit A**) and in the assessment roll contained in the appendix to the Plan (**Exhibit A**) and are incorporated herein by this reference
4. The name of the District shall be the Temescal/Telegraph Avenue Property Business Improvement District of 2005.
5. The types of the improvements and activities proposed to be funded and acquired by the levy of assessments on property in the District and the time period for which the proposed improvements are to be made shall be those specified in the Plan on file in the office of the City Clerk and attached hereto (**Exhibit A**).
6. The improvements and activities to be provided in the District will be funded by the levy of assessments. An assessment will be levied annually to pay for all improvements and activities within the area. The revenue from the levy of assessments within the District shall not be used to provide improvements or activities outside the district or for any purpose other than the purposes specified in the Resolution of Intention as modified by the City Council at the hearing concerning the establishment of the district as specified in this Resolution.
7. The boundaries of the District and of each separate benefit zone within the district shall be those delineated in the description contained in the Plan which is on file in the office of the City Clerk and a copy of which is attached hereto (**Exhibit A**).
8. The proposed method and basis of levying the assessments to be levied against each property in the District are based on the lot size, building size and linear frontage of properties

located within the District as more specifically stated in the plan on file in the office of the City Clerk and attached hereto and incorporated herein by this reference (**Exhibit A**).

9. The assessments for the entire District total \$241,458.36 for the first year of the District, and the amount chargeable to each parcel shall be as shown in the Plan on file in the office of the City Clerk and on the appendix to **Exhibit A** attached hereto.
10. The District shall be in existence for a period of ten (10) years during which a maximum 5% increase per year in the amount of the assessment on each property shall be allowable.
11. The assessment shall be attached to the property and collected with the annual county property taxes, and in certain cases, as specified in the Plan, through a special municipal billing.
12. The City Council of the City of Oakland adopted a Resolution of Intention to form the Temescal/Telegraph Avenue Property Business Improvement District of 2005 on May 18, 2004, Resolution No. 78549 CMS. The title of the Resolution of Intention is **RESOLUTION OF INTENTION TO FORM THE TEMESCAL/TELEGRAPH AVENUE PROPERTY BUSINESS IMPROVEMENT DISTRICT OF 2005, GRANTING PRELIMINARY APPROVAL OF THE MANAGEMENT PLAN, DIRECTING FILING OF THE PROPOSED ASSESSMENT DISTRICT BOUNDARY DESCRIPTION, SUBMITTING A PROPOSED ASSESSMENT TO THE AFFECTED PROPERTY OWNERS FOR MAJORITY PROTEST PROCEDURE APPROVAL; AND SCHEDULING A PUBLIC HEARING FOR JULY 20, 2004.**
13. A Public Hearing was held at 7:01 p.m. on July 20, 2004 at City Hall, One Frank H. Ogawa Plaza, Oakland California in the City Council Chambers, to hear all public comments, protests, count the returned ballots as to the formation of the District, appoint the Advisory Board for the District, and take final action as to the formation of the District. At the hearing the testimony of all interested persons for or against the establishment of the District, the boundaries of the District, or the furnishing of the specified types of improvements or activities was heard. All protests, both written and oral, are overruled and denied and the City Council finds that there is not a majority protest within the meaning of the Oakland Business Improvement District Ordinance (Chapter 4.48, Ordinance 12190, 1999).
14. The City Council finds, determines and declares that the District and each parcel therein is benefited by the improvements, maintenance, and activities funded by the assessment to be levied, including all expenses incurred incidentally thereto, upon the lots and parcels of real property in proportion to the estimated benefits to be received as specified in the Management District Plan and engineer's report included therein.

15. The City Clerk shall record a notice and map describing the assessment district pursuant to California Streets and Highways Code Division 4.5 (commencing with Section 3100).
16. Properties in the District shall be subject to any amendments to the Oakland Business Improvement District Ordinance (Chapter 4.48, Ordinance 12190, 1999).
17. The City Manager is hereby authorized to enter into annual contracts with any nonprofit corporation comprised of the assessees themselves designated by the owners through the Advisory Board for the District for the landscaping, security, programming, maintenance, or other activities and improvements for the District, or at the request of the owners through the Advisory Board to conduct or contract for such services and improvements as provided for in the BIMD Ordinance.

IN COUNCIL, OAKLAND, CALIFORNIA, JUL 20 2004, _____

PASSED BY THE FOLLOWING VOTE:

AYES- BRUNNER, CHANG, , BROOKS, NADEL, REID, , QUAN, WAN and PRESIDENT DE LA FUENTE — 8

NOES- 0

ABSENT- 0

ABSTENTION- 0

ATTEST: _____



 CEDA FLOYD
 City Clerk and Clerk of the Council
 of the City of Oakland, California



EXHIBIT A
(to resolution establishing
the Temescal/Telegraph Ave. PBID)

Marco Li Mandri, President • www.newcityamerica.com

FINAL PLAN

**MANAGEMENT DISTRICT PLAN FOR THE
TEMESCAL/TELEGRAPH AVENUE
PROPERTY BUSINESS IMPROVEMENT DISTRICT**

OAKLAND, CALIFORNIA

*Prepared pursuant to the City of Oakland's
Business Improvement Management District Ordinance of 1999
12190, Under Municipal Code Chapter 4.48
for the Temescal/Telegraph Avenue Business District*

Prepared for:

**Temescal/Telegraph Avenue P.B.I.D. Steering Committee
City Councilwoman Jane Bruenner
Neighborhood Commercial Revitalization Program
Community Economic Development Agency - City of Oakland**

by

**Marco Li Mandri, President
NEW CITY AMERICA INC.
(888) 356-2726**

FEBRUARY 24, 2004



**TEMESCAL/TELEGRAPH AVENUE MANAGEMENT DISTRICT
PLAN FOR THE NEW PROPERTY BUSINESS IMPROVEMENT
DISTRICT – MAY 2004**

*(Formed under the Business Improvement Management District Ordinance
12190, Passed November 1999, Chapter 4.48 City of Oakland Municipal Code)*

**SECTION 6 - MANAGEMENT DISTRICT PLAN, PROPERTY
BUSINESS IMPROVEMENT DISTRICT**

- 1. MAP OF THE DISTRICT**
- 2. NAME OF THE PROPOSED DISTRICT**
- 3. DESCRIPTION OF BOUNDARIES OF THE DISTRICT**
- 4. THE IMPROVEMENT AND ACTIVITIES PROPOSED EACH YEAR**
- 5. TOTAL ANNUAL AMOUNT PROPOSED TO BE EXPENDED FOR IMPROVEMENT,
MAINTENANCE AND OPERATIONS**
- 6. THE PROPOSED SOURCE(S) OF FINANCING INCLUDING THE PROPOSED
METHOD AND BASIS OF LEVYING THE ASSESSMENTS**
- 7. THE TIME AND MANNER OF COLLECTING THE ASSESSMENTS**
- 8. PROPOSED RULES AND REGULATIONS TO BE APPLICABLE IN THE DISTRICT**
- 9. ADVISORY BOARD AND MANAGEMENT OF THE DISTRICT**
- 10. ENGINEER'S REPORT**

APPENDIX:

PARCEL LIST

TEMESCAL/TELEGRAPH AVENUE PROPERTY BUSINESS IMPROVEMENT DISTRICT MANAGEMENT DISTRICT PLAN - EXECUTIVE SUMMARY

The Temescal District and Telegraph Avenue business district is a vibrant place with a rich history and changing demographics. The architectural charm, the street ambiance, the reservoir of high disposable income in the peripheral blocks, access to the freeway and BART, are all assets which make this an attractive and desirable business district. All of the elements are present to make this district as popular as the neighboring Rockridge district, or similar linear commercial corridors in the East Bay Area.

Over the past nine months, property owners in the Temescal Merchants Association and the Telegraph Avenue Business Association have discussed the possible formation of a new *special benefits assessment district*. The purpose of this district would be to fund special benefits for the public rights of way, over and above the current level of services funded by the City of Oakland.

This new district would be known as the Temescal/Telegraph Property Business Improvement District (PBID). Any and all assessments generated from the formation of the district would, by law, be required to stay in the district's boundaries to fund special benefit services. The district's assessment revenues would be controlled by a new non-profit organization of the property owners paying into the district.

Survey of the Property Owners:

In early 2003, a grant was secured through the City of Oakland's Neighborhood Commercial Revitalization Program, which funded the investigation of this special benefits district. In early 2003, two separate surveys were mailed to property owners encouraging them to respond and demonstrate their level of support for the creation of the new district. Normally, such surveys of property owners are responded to by no more than 10% of the participants.

The survey results were quite stunning. It is clear that there appears to be significant support for the continued formation of this new Property Business Improvement District. The district would fund special benefits, and by law, could not function to replace existing general fund services to the community. Over 100 parcel owners responded to the survey representing the following factors.

The boundaries of the proposed district would include all parcels along Telegraph from 40th to the Berkeley border, Shattuck to the freeway bridge, Claremont one block up from Telegraph, and 51st Street to the Hospital.

The survey results revealed the following information and interests...

- *66% of the respondents have owned their property for 10 years or longer;*
- *71% of the respondents were sole proprietors or family owned parcels;*
- *48% of the respondents believe that the image of Oakland, over the past few years, has negatively impacted their property;*
- *89% of the respondents believe that the district is “unsafe” or “safe, however suffers an image as an unsafe district”;*
- *64% of the respondents would support property owner funded enhanced security services;*
- *73% of the respondents would support property owner funded services which would prioritize dealing with people demonstrating questionable behavior in the public rights of way;*
- *55% of the respondents would support property owner funded sidewalk and gutter sweeping;*
- *58% of the respondents would support property owner funded enhanced tree maintenance to beautify the district;*
- *66% of the respondents would support property owner funded planning and economic development related services to give input to proposed planning and zoning changes that would impact this district;*
- *55% of the respondents would support property owner funded marketing and promotions to bring new business and attract new tenants to the area;*
- *59% of the respondents would support property owners funded special events to improve the identity of the district;*

WHY HERE, WHY NOW?

It is best when community dollars stay in the community. Dollars that leave the neighborhood and enrich other cities such as Berkeley, Emeryville and Alameda, are referred to as “leakage”. This is something that neither the City nor the Temescal/Telegraph Avenue business and property owners can afford. The whole purpose of the PBID is to keep dollars in the community, attract commerce from outside of the district, provide services for enhanced sidewalk sweeping and trash pick up, beautify the neighborhood and fund those special benefit services which are not and will not be funded by the City of Oakland.

Business districts that have organized into BIDs, in fact, are able to extract a greater level of services from their City due to the fact that their management staff is in constant contact with City departments to ensure that the City is providing its committed level of general services.

Similar districts are currently functioning in Rockridge, Montclair, Fruitvale and in the Lakeshore District. The BID along Telegraph Avenue near UC Berkeley is credited with bringing cleanliness and order to that district over the past five years. Recently, North

Shattuck property owners voted to establish a Property Business Improvement District. Statewide, over 300 districts are operating today.

The new proposed Temescal/Telegraph Avenue Property Business Improvement District, formed under a new City enabling ordinance, is a benefit assessment district proposed to *confer special benefit services* to real property owners in and around the commercial corridors of the business district. The district, also known as a *Management District*, will provide minor capital improvements, special improvements and activities in the combined business district. These special benefit services shall include landscaping, beautification, maintenance and sidewalk cleaning, installing decorations, marketing and promotions, improvement of the image of the district, business interest advocacy, and possibly security services, (above those currently provided by the City of Oakland).

The Temescal/Telegraph Avenue PBID investigation and formation effort has been led by property owners in the community. Once a plan has been adopted by the Steering Committee (which is open to all affected property owners), a petition drive will be initiated to demonstrate support for the district by district property owners. The enabling ordinance requires that 30% of the “weighted” property owners paying into the district, affirm their support for the district and their respective assessments by signing a petition in support of the district’s formation. The term weighted represents the amount of dollars each property owner will pay into the district.

Once the petition has met this 30% weighted threshold, the plan is sent to the City of Oakland, whereby the City Council passes a resolution of intent to establish the district. Mail ballots are then sent out to each affected property owner, who then has between 45 and 60 days to return the ballots.

The ballots are then counted at an open public hearing and the district is formed once the weighted returned ballots express support for the district’s formation. This entire process must be completed by the end of July, this summer.

The district is envisioned to be established for 10 years commencing January 1, 2005. Provisions for annual disestablishment are available if the property owners no longer desire to fund the special services articulated in this plan.

Cost: There are 260 parcels and 211 property owners in the proposed district. The first year annual budget is projected to be \$ 240,619.88. The costs associated with the property variables and benefit zones per year are as follows:

<i>Property Variable</i>	<i>Benefit Zone 1</i>	<i>Benefit Zone 2</i>	<i>Benefit Zone 3</i>
Lot Size	\$0.078119	\$0.047216	\$0.009299
Building Size	\$0.060952	\$0.023468	---
Linear Frontage	\$6.815684	\$1.181375	\$11.045231

1. MAP OF THE DISTRICT:

A map of the district will be found at the end of the text of this Management District Plan.

2. NAME OF THE PROPOSED DISTRICT:

The name of the proposed special benefits district is the “Temescal/Telegraph Avenue Property Business Improvement District of 2005”.

3. DESCRIPTION OF THE BOUNDARIES OF THE DISTRICT

This district as envisioned is approximately 40 square blocks. Its boundaries are primarily along the following streets:

<i>Street</i>	<i>Address Series</i>
40th Street	500
41st Street	506 – 509
43rd Street	497
49th Street	520 – 523
51st Street	491 – 600
52nd Street	516 – 747
53rd Street	567
58th Street	510
63rd Street	509
Aileen Street	508
Alcatraz Avenue	505
Claremont Avenue	5160 – 5263
Dover Street	5203
Racine Street	5811 – 5964
Shattuck Avenue	4501 – 5216
Telegraph Avenue	4000 - 6699

4. THE IMPROVEMENT AND ACTIVITIES PLANNED FOR EACH YEAR

Based upon the survey results of the property owners, and estimated costs and services, the preliminary special benefits funded by the Temescal/Telegraph Avenue Property Business Improvement District are as follows:

Proposed Temescal/Telegraph Avenue PBID:

- 1. Public Rights of Way and Sidewalk Operations (PROWSO)**
 - Sidewalk sweeping;
 - Beautification;
 - Decorations and banners;
 - Enhanced trash receptacle placement and regular emptying;
 - Removal of bulky items;
 - Graffiti removal;
 - Work with City on hazardous issues;
 - Maintenance of public order in the sidewalks;
 - Homeless intervention;
 - Security;
 - Equipment, supplies, tools;
 - Misc.

- 2. Marketing and Identity enhancement: (Predominantly in Benefit Zone 1)**
 - Special events (1 or 2 per year);
 - Web site;
 - Pedestrian kiosks;
 - Walking map;
 - Communications;

- 3. Administration and Corporate Operations:**
 - Staffing;
 - Insurance;
 - Office related expenses;
 - Misc.

- 4. Contingency/Reserve:**
 - Delinquencies;
 - City costs;
 - County costs;
 - Hardship;
 - Reserves;

These basic services, categorized by percentages of the overall budget shall form the basis for the special benefit services budget for the ten-year period the district is in place. The Management Corporation shall have the right, with concurrence of the Advisory Board to shift categories of expenses up to 10% per year, based upon determined need of the district. This ten per cent shift is allowable after any CPI or annual increase has been taken into account.

Consistent with the law, any property assessment district must confer a special benefit to real property owners paying into the assessment district. At times, specific parcels will derive greater benefit, due to their proximity to a “core” area. These core and peripheral parcels, will from time to time, be designated through “benefit zones.” The Telegraph/Temescal PBID anticipates three benefit zones, each receiving varying degrees of special benefits funded from the assessment district. The three benefit zones are proposed as follows:

Benefit Zones:

The Temescal/Telegraph Avenue PBID Benefit Zones are created based upon the frequency and type of special benefit services that might be desired. For example, the core area near 51st and Telegraph may need services seven days per week, have large special events and be the focus of many marketing activities. These property owners would pay for those specific services based upon their anticipated benefit to be received.

There will be three benefit zones in the district. Benefit zones are determined by the type and frequency of services conferred to those parcels.

<i>Benefit Zone</i>	<i>Boundaries</i>
Zone 1 (core area)	Telegraph Avenue from 4501 to the freeway; 51st Street from the freeway to one block east of Telegraph Ave.
Zone 2 (peripheral area)	Telegraph Avenue from 4000 to 4499; Telegraph Avenue from 5601 to 6699 Shattuck Avenue, all other side streets
Zone 3	Frontage and lot size adjacent to Children’s Hospital

TABLE 1 – FREQUENCY OF SPECIAL BENEFIT SERVICES BY BENEFIT ZONES

<i>Special Benefit Service</i>	<i>Benefit Zone 1 Frequency</i>	<i>Benefit Zone 2 Frequency</i>	<i>Benefit Zone 3 Frequency</i>
<i>Public rights of way and sidewalk operations (PROWSO) (sidewalk cleaning, trash removal, security, public order, beautification)</i>	5 days per week	3 days per week	5 days per week
<i>Marketing/Identity Enhancement</i>	Through programs	Through programs	None
▪ <i>Special Events</i>	Once or twice per year	None	None
<i>Administration/Corporate Operations</i>	Monday – Friday	Monday – Friday	Monday - Friday

5. TOTAL ANNUAL AMOUNT PROPOSED TO BE EXPENDED FOR IMPROVEMENT, MAINTENANCE AND OPERATIONS, MARKETING/PROMOTIONS, ADMINISTRATION AND CONTINGENCY/RESERVE

BUDGET: The first year annual budget is projected to be \$240,619.88. Annual adjustments of up to a maximum of 5% over the previous year’s gross assessment amount are allowable, subject to the approval of the Temescal/Telegraph Avenue Property Business Improvement District Management Corporation.

TABLE 2 – SPECIAL BENEFIT SERVICES BROKEN DOWN BY ESTIMATED COSTS PER BENEFIT ZONE – PROWSO PERSONNEL COSTS

<i>Service</i>	<i>Benefit Zone 1</i>	<i>Benefit Zone 2</i>	<i>Benefit Zone 3</i>
PROWSO:			
▪ Sidewalk Sweeping;	5 days per week	3 days per week	5–6 days per week
▪ Trash Emptying;	As needed	As needed	As needed
▪ Homeless intervention;	As needed	As needed	As needed

▪ Banner installation and maintenance;	Seasonal	Seasonal	Seasonal
▪ Holiday decorations;	Seasonal	Seasonal	Seasonal
▪ Reporting hazards to City;	Daily	Daily	Daily
▪ Removal of bulky items;	As needed	As needed	As needed
▪ Graffiti removal;	Within 24 hours	Within 24 hours	Within 24 hours
▪ Tree planting and maintenance	Weekly	Weekly	Weekly
▪ Miscellaneous	As needed	As needed	As needed
Estimated Personnel Need*	4/7 cost of Supervisor; (\$ 19,615) 2 maintenance workers, full time, five days per week (80 hours per week); (\$58,520)	2/7 cost of Supervisor; (\$9,807) 3/5 maintenance worker, three days/full time, per week 24 hours per week (\$ 17,556)	1/7 cost of Supervisor (\$4,910) 3/5 maintenance workers, 24 hours per week, 6 days/4 hours per day (\$17,556)
Estimated maintenance personnel costs	\$78,135.00	\$ 27,363.00	\$ 22,466.00
Total Estimated Personnel Cost			\$ 127,964.00

***THE PURPOSE OF THIS CALCULATION IS TO PROVIDE A MATERIAL BASIS FOR THE P.R.O.W.S.O. PERSONNEL COSTS. THE ADMINISTERING CORPORATION CAN CONTRACT OUT THESE SERVICES TO A FOR-PROFIT OR NON-PROFIT CORPORATION, OR PROVIDE THE SERVICES IN HOUSE. THESE COSTS ARE ONLY USED AS A REFERENCE, THE LINE ITEM IN THE BUDGET FOR THE P.R.O.W.S.O. PERSONNEL IS ESTIMATED TO BE \$ 127,964.00 ANNUALLY.**

The basis of determining personnel costs is derived from *One Source*, a nationwide company which provides employees for many building management companies, as well as

BIDs. One Source's rates on labor include workers comp, payroll taxes, check disbursement, health benefits, vacation and sick time. Most importantly, these are contracted employees and therefore release the management corporation of payroll and personnel related liabilities. Total overhead factor of employees, fully loaded, is about 1.6 in an overhead factor from the base wage rate. Supervisor rate was calculated at \$ 11.00 per hour, and maintenance workers at \$9.00 per hour, starting pay.

We reiterate that this is simply a tool for calculating costs of maintenance personnel. The free market, and competitive bidding may produce higher and better results. It is the job of the management corporation to maximize the delivery of special benefit services to the property owners based upon various category and line items of services. The function of this crew is to deal with *all services in the public rights of way, including but not limited to: sweeping, beautification, decorations, security, etc.*

TABLE 3 – SPECIAL BENEFIT SERVICES/P.R.O.W.S.O. NON-PERSONNEL ANNUAL COSTS INCLUDING EQUIPMENT AND MATERIALS

<i>PROWSO Equipment and Materials</i>	<i>Estimated Annual Cost</i>
Truck lease, insurance	\$ 6,000.00
Landscape material	\$ 3,000.00
Water usage	\$ 1,000.00
Dumpster costs	\$ 4,000.00
Supplies	\$ 3,000.00
Communications (Walkie Talkies)	\$ 2,000.00
Uniforms, Misc,	\$ 1,000.00
<i>Total Estimated Annual Equipment Costs</i>	<i>\$ 20,000.00</i>

Again, these services may be provided by an outside contractor, however accommodations must be made for these costs whether done in house or to an outside contractor.

**TABLE 4 – SPECIAL BENEFIT SERVICES/MARKETING AND IDENTITY ENHANCEMENT
SUGGESTED BUDGET ITEMS**

<i>Program to be funded/Both Benefit Zones</i>	<i>Estimated First Year Annual Cost</i>
Web site	\$ 2,000.00
Logo Creation (First Year only)	\$ 2,000.00
Walking Map	\$ 6,000.00
Banners/pedestrian kiosks, annually	\$ 5,000.00
<i>Above services will be funded by spreading costs among Benefit Zone 1 and 2, Building Square Footage A – C</i>	
Sub-Total	\$ 15,000.00
Special Events (1 or 2)	\$ 10,000.00
<i>Special Events funded by Benefit Zone 1, Building Square Footage A – C only</i>	
Total Estimated Annual Costs	\$ 25,000.00

**TABLE 5 – SPECIAL BENEFIT SERVICES/ADMINISTRATION AND CORPORATE OPERATIONS
SUGGESTED ALLOCATIONS**

<i>Program to be Funded</i>	<i>Estimated First Year Annual Cost</i>
Staff (Community Advocacy, retail attraction, Corporate minutes, administration to Board)	\$ 30,000.00
Insurance	\$ 3,000.00
Office rent	\$ 6,000.00
Phone/Fax	\$ 1,200.00
E-mail Service	\$600.00
Office supplies	\$1,000.00
Office Equipment	\$ 2,000.00
Utilities	\$ 1,200.00
Total Estimated Annual Costs	\$ 45,000.00

**TABLE 6 – SPECIAL BENEFIT SERVICES/CONTINGENCY –
RESERVE ANTICIPATED NEED**

<i>Program to be Funded</i>	<i>Estimated First Year Cost</i>
County Costs (1.7% of total assessments)	
City costs (\$500.00 per year)	
No-pays, (uncollected assessments) (?)	
Misc/Reserve (Balance of expenses)	
Total Estimated Annual Costs	\$ 22,655.88

**TABLE 7 – TOTAL FIRST YEAR SPECIAL BENEFIT SERVICES BUDGET
LINE ITEMS BASED UPON SUGGESTED PROGRAMS AND ALLOCATIONS**

<i>Program</i>	<i>First Year Allocation</i>	<i>% of Total Budget</i>
Public Rights of Way and Sidewalk Operations – Personnel and Equipment for All Benefit Zones	\$ 147,964.00	61%
Marketing/Identity Enhancement	\$ 25,000.00	10%
Administrative/Corporate Operations	\$ 45,000.00	19%
Contingency/Reserve	\$ 22,655.88	10%
Total Estimated First Year Costs of Programs	\$ 240,619.88	100%

6. THE PROPOSED SOURCE(S) OF FINANCING INCLUDING THE PROPOSED METHOD AND BASIS OF LEVYING THE ASSESSMENTS

METHOD OF FINANCING:

This method of financing the special services is based upon the levy of assessments on real property that benefits from proposed improvements and activities. This represents a “benefit assessment district” as defined in the California Streets and Highway Code. Assessed valuation cannot be used as the basis for special benefits assessments due to the introduction of Proposition 13 into the state constitution in 1978. There are at least four basic factors that will be used in determining individual assessments. These factors include 1) linear frontage, 2) land area and 3) building floor space, 4) building use. The assessments for the Temescal/Telegraph are based upon these variables, which have been endorsed by the property owners as the most fair and equitable for apportionment of assessments to participating parcels. Linear frontage will only be assessed on one side, even if two sides of frontage exist. (Note: Benefit Zone 3/Children’s Hospital is assessed on all sides of frontage due to the need for sidewalk sweeping on the full perimeter of the hospital).

The type of variables used in this assessment methodology are based upon gross lot size, linear frontage and gross building square footage. In addition, due to the special needs and size of the district, the district has been divided into three distinct Benefit Zones that determine how the special benefit services are to be apportioned and distributed. A summary of the gross property variables in the district, as of January 1, 2004, is as follows:

TEMESCAL/TELEGRAPH PBID PROPERTY VARIABLES

<i>Property Variables</i>	<i>Total in District</i>
Lot Size	2,599,552
Building Size	634,504
Linear Feet	19,297

The annual revenues generated from the first year of the district (fiscal year 2004-2005) is anticipated to be \$240,619.88. A P.B.I.D. is a practical “pay as you go” funding tool which allows property owners in a given designated area to be assessed, as part of the property tax collection tax process, to pay for supplemental or “special benefit services”. These special services are those, which are not normally provided by the City of Los Angeles. PBIDs are often associated with very visible and tangible program elements that, in turn, can produce very significant changes in the character and image of the district.

Building square footage in the district is categorized and assessed based on use. Only building square footage uses A-C are assessed. Category A is retail, B is office, and C is industrial. Public buildings, utilities, institutional, hospital, churches, tax exempt, and residential uses are not assessed. The chart below lists the square footage of each usage category by benefit zone.

	Benefit Zone 1	Benefit Zone 2	Benefit Zone 3
Building SF Category A	242,737	290,688	0
Building SF Category B	7,041	52,465	0
Building SF Category C	10,850	30,723	0
Total SF Assessed by Zone	260,628	373,876	n/a

COST: THERE ARE 260 PARCELS AND 211 PROPERTY OWNERS IN THE PROPOSED DISTRICT. THE COSTS ASSOCIATED WITH THE PROPERTY VARIABLES AND BENEFIT ZONES ARE AS FOLLOWS:

<i>Property Variable</i>	<i>Benefit Zone 1</i>	<i>Benefit Zone 2</i>	<i>Benefit Zone 3</i>
Lot Size	\$0.078119	\$0.047216	\$0.009299
Building Size	\$0.060952	\$0.023468	---
Linear Frontage	\$6.815684	\$1.181375	\$11.045231

BENEFIT ZONES:

There will be three benefit zones in the district. Benefit Zone 1 will consist of all parcels fronting onto Telegraph from 45th to the Freeway and 51st Street from the freeway to one block north of Telegraph. Benefit Zone 2 will consist of parcels fronting Telegraph from

40th to 45th Street, from the freeway north to the Berkeley border, as well as all secondary and side streets. Benefit Zone 3 will consist only of Children’s Hospital parcels west of the freeway and include only the frontage and lot size property variable. Benefit Zone 1 parcel owners will pay a higher amount due to the need for specific and increased special benefit services for the core retail area in Temescal, as well as a special events budget. The intersection of 51st and Telegraph is the historic commercial core of the PBID and requires increased attention to maintenance, order and marketing in its public rights of way.

Amounts Generated by Temescal/Telegraph PBID Benefit Zone and Property Variables

<i>Property Variable</i>	<i>Benefit Zone 1</i>	<i>Benefit Zone 2</i>	<i>Benefit Zone 3</i>
Lot Size	950,697	1,376,842	272,013
Building Size	260,628	373,876	--
Linear Frontage	5,682	11,654	1,961
Total Assessments Generated by Benefit Zone	\$ 128,880.06	\$ 87,550.68	\$ 24,189.15

7. THE TIME AND MANNER OF COLLECTING THE ASSESSMENTS:

The *Oakland Business Improvement Maintenance District* is established with a successful petition drive by more than 30% of the property owners who *must pay* into the district. These petitions demonstrate stakeholder support for the district and trigger a Proposition 218 mail ballot procedure. The Property Business Improvement District will be established and function for a maximum of 10 years and must be re-established through a similar petitioning and balloting process at the end of its pre-designated life.

THE TEMESCAL/TELEGRAPH PROPERTY BUSINESS IMPROVEMENT DISTRICT STEERING COMMITTEE HAS ELECTED TO ESTABLISH THE DISTRICT FOR THE MAXIMUM PERIOD OF 10 YEARS COMMENCING JANUARY 1, 2005 TO SAVE ON THE COSTS AND TIME REQUIRED TO RE-ESTABLISH THE DISTRICT WITHIN 4 - 5 YEARS.

As provided by local ordinance, the Temescal/Telegraph Property Business Improvement District (PBID), will appear as a separate line item on the annual property tax bills prepared by Alameda County tax collector. Property tax bills are generally distributed in the Fall and payment is expected by lump sum or in two installments. The County tax assessor shall distribute the assessments collected to the City of Oakland who will in turn then forward them to the designated Management Corporation pursuant to the authorization of this plan. Existing laws for enforcement and appeal of property taxes apply to the Management District assessments.

Disestablishment:

Local ordinance provides for the disestablishment of the PBID pursuant to an annual review process. Each year that the Temescal/Telegraph PBID is in existence, there will be a 30-day period during which the property owners will have the opportunity to request disestablishment of the district. This 30-day period begins each year on the anniversary date that the district was first established by the City Council. Within that 30 day period, if a written petition is submitted by the owners of real property who pay 30% or more of the assessments levied, the PBID may be considered for disestablishment. The City Council will hold a public hearing on disestablishing the PBID prior to actually doing so. (Section 4.48.220)

Due to its long term nature, (10 years), the local enabling ordinance allows for the growth of landscaping, its maintenance as well as economic development strategies related to revitalization that create a more permanent improvement to the area. If there is debt against the District, the District cannot be disestablished, until all of the debt has been repaid. All financial obligations in the form of bonds or loans for capital improvements, must be paid off before the district can be disestablished.

8. ANY PROPOSED RULES AND REGULATIONS TO BE APPLICABLE TO THE DISTRICT:

CITY BASELINE SERVICES AGREEMENT AND CONTINUATION OF CITY SERVICES

Throughout the process of establishing the new Temescal/Telegraph Avenue PBID, business and property owners have voiced concerns that the City of Oakland maintain existing services at verifiable “baseline” service levels. A formal base level of services policy ensures that existing City Services are enhanced, not replaced by the new PBID services.

The Temescal/Telegraph Avenue PBID Steering Committee has requested that the City Council submit a report to the Management Corporation within 90 days of the district formation committing the City to establish and maintain base levels of service within the Management District. Only citywide service reductions can trigger a proportionate reduction in base levels of service within a Management District.

Pursuant to the Business Improvement Maintenance District Ordinance of the City of Oakland, a Management District may establish rules and regulations that uniquely apply to the District. A few initial rules and regulations should be employed by the Temescal/Telegraph PBID Steering Committee in the administration of the district.

Competitive Bidding:

Following the formation of the Management District, the Management Corporation Board should consider developing a policy for competitive bidding as it pertains to

contracted services for the Temescal/Telegraph Avenue PBID. The policy will aim to maximize service quality, efficiency and cost effectiveness.

Conflict of Interest:

Any stakeholder who serves on the Temescal/Telegraph Avenue PBID Management Corporation Board shall recuse themselves from any vote in which a potential conflict of interest is apparent. Such potential conflicts include, but are not limited to, prioritizing capital improvement projects which result in special benefit to specific property owners, prioritization of services to benefit a particular owner or group of owners, hiring or selecting the relatives of Board members.

Open Door Policy:

Meetings of the Board of the corporation administering the district should be open to all stakeholders paying into the district. Regular financial reports shall be submitted to the Board members and made available upon request by the membership. Sub-Committee meetings of the Management corporation shall be open and encourage participation among various stakeholders, business owners and community members. The Board shall retain the right to enter into executive session for reasons including, but not limited to strategic planning, legal matters, personnel issues, etc.

Group Advocacy:

It should be a policy of the Temescal/Telegraph Avenue PBID Management Corporation to be committed to working with other city-wide Business Improvement Districts. The true success of the PBID's efforts in the City of Oakland will be seen in the shaping of City policies and ordinances towards its various business districts.

Main Street Organizational Model:

Consistent with the recommendations of the Neighborhood Revitalization Program of the City of Oakland, and to better facilitate communication among various BIDs in Oakland and the East Bay area, the Temescal/Telegraph Avenue Management Corporation should adopt the Main Street organizational model to direct its operations, activities and programs funded by the BID. This model has been successfully used in hundreds of business districts throughout the country.

9. ADVISORY BOARD AND MANAGEMENT OF THE DISTRICT:

The Temescal/Telegraph Avenue PBID Management Corporation is charged with the day to day operations of the Management District. The entity will include all property owners

paying into the district and include representation from business owners and various sectors of the assessment district.

MANAGEMENT CORPORATION AND THE ADVISORY BOARD:

The final management structure will include the Temescal/Telegraph Avenue PBID assessed property owners who will organize themselves into a new non-profit corporation whose Board will serve in the capacity of the contracted management corporation.

“The City Council may designate existing advisory boards or commissions to serve as the advisory board for the district or may create a new advisory board for that purpose. At least one member of the advisory board shall be a business licensee within the district who is not also a property owner within the district.....The advisory board shall cause to be prepared a report of each fiscal year for which assessments are to be levied and collected to pay the costs of the improvements and activities described in the report.” (Section 4.48.190)

Members of the proposed Advisory Board will be recommended by the new non-profit PBID Management Corporation Board of Directors. The Advisory Board will be distinct from the Management Corporation and shall meet at least once per year to advise the City Council on any changes to the district.

A mix of large and small property owners will be sought to fill the non-profit corporation Board of Directors. The Board of Directors, shall make recommendations to the Advisory Board, who in turn shall adopt an annual service plan, including budgets and monitor the services delivery, as presented. The Advisory Board submits its report annually to the City Council on the anniversary of the district’s renewal. The Management Corporation, shall aim to meet the following operational objectives for the Temescal/Telegraph Avenue PBID:

- *Create and manage programs that best respond to the top priorities of Temescal/Telegraph Avenue stakeholders;*
- *Maximize coordination of the City government to avoid duplication of services and to leverage resources;*
- *Deliver services through a cost-effective, non-bureaucratic and easy to access organizational structure;*
- *Provide accountability and responsiveness to those who pay.*

10. ENGINEER'S REPORT

Property owners in the Temescal/Telegraph Avenue PBID have emphasized that an assessment formula for the PBID be fair, balanced and commensurate with special benefits received.

NEW CITY AMERICA has contracted with Ed Henning and Associates to come up with a plan that complies with Proposition 218, Article XIID of the California State Constitution.

In preparing the engineer's report for the Temescal/Telegraph PBID Management District Plan, the engineer concluded that the special benefit to each parcel in the various benefit zones was found to be proportional to the property variable and their apportionment.

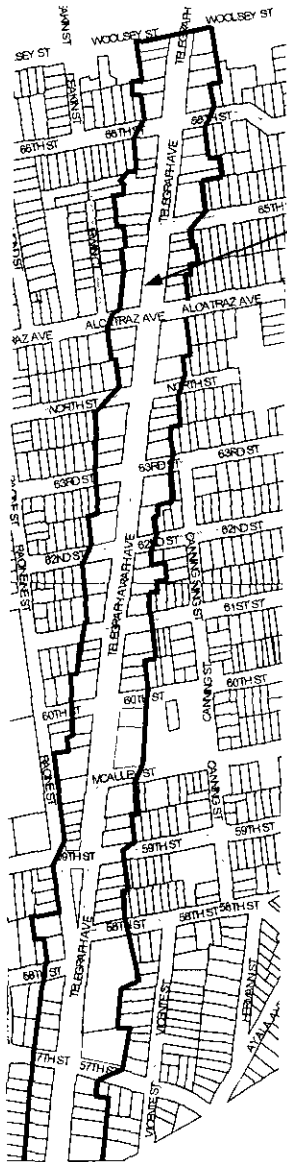
An Engineer's report for the PBID is provided in the Appendix.

MAP OF THE TEMESCAL/TELEGRAPH AVENUE

PROPERTY BUSINESS IMPROVEMENT DISTRICT

MAY 2004

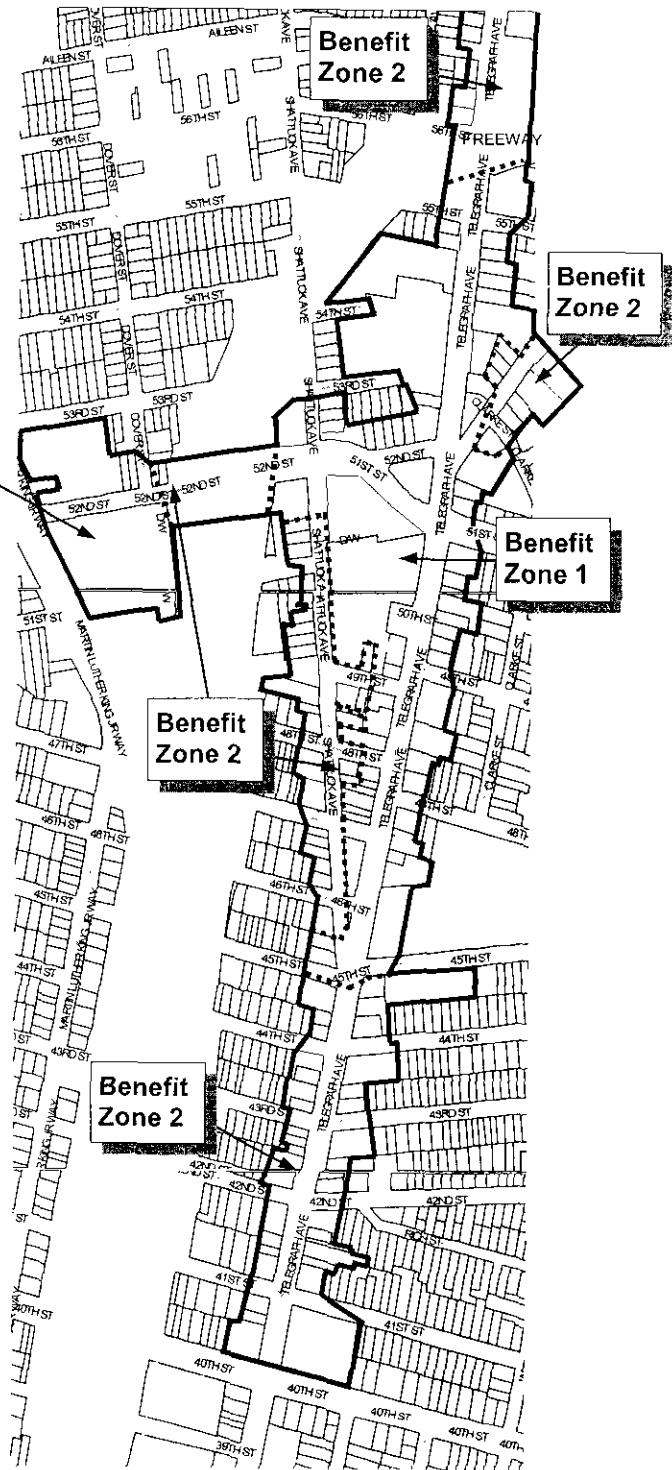
TEMESCAL/TELEGRAPH AVENUE PBID



Benefit Zone 2

Benefit Zone 3

(Continued next column.)



Benefit Zone 2

Benefit Zone 2

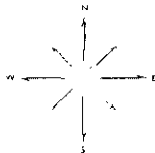
Benefit Zone 1

Benefit Zone 2

Benefit Zone 2

Key

- Benefit Zone Boundary
- District Boundary



10-YEAR PROJECTION OF ASSESSMENTS

AND FUNDING CATEGORIES

**(WITH ADJUSTMENTS MADE ASSUMING A
MAXIMUM OF 5% ADJUSTMENT FOR COST OF
LIVING INCREASES)**

2005 - 2014

TEMESCAL/TELEGRAPH AVENUE

Property Business Improvement District

Ten Year Projection, by Benefit Zone, 5% Adjustment

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<i>Benefit Zone 1</i>										
Frontage	\$6.815684	\$7.156468	\$7.514292	\$7.890006	\$8.284507	\$8.698732	\$9.133668	\$9.590352	\$10.069869	\$10.573363
Lot	\$0.078119	\$0.082025	\$0.086126	\$0.090433	\$0.094954	\$0.099702	\$0.104687	\$0.109921	\$0.115417	\$0.121188
Building SF	\$0.060952	\$0.064000	\$0.067200	\$0.070560	\$0.074088	\$0.077792	\$0.081682	\$0.085766	\$0.090054	\$0.094557
<i>Benefit Zone 2</i>										
Frontage	\$1.181375	\$1.240444	\$1.302466	\$1.367589	\$1.435969	\$1.507767	\$1.583155	\$1.662313	\$1.745429	\$1.832700
Lot	\$0.047216	\$0.049577	\$0.052056	\$0.054658	\$0.057391	\$0.060261	\$0.063274	\$0.066438	\$0.069760	\$0.073248
Building SF	\$0.023468	\$0.024641	\$0.025873	\$0.027167	\$0.028526	\$0.029952	\$0.031449	\$0.033022	\$0.034673	\$0.036407
<i>Benefit Zone 3</i>										
Frontage	\$11.045231	\$11.597493	\$12.177367	\$12.786236	\$13.425547	\$14.096825	\$14.801666	\$15.541749	\$16.318837	\$17.134779
Lot	\$0.009299	\$0.009764	\$0.010252	\$0.010765	\$0.011303	\$0.011868	\$0.012462	\$0.013085	\$0.013739	\$0.014426
Building SF	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000

Ten Year Projection, by Budget Category, 5% Adjustment

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<i>Budget Categories</i>										
Public Rights of Way & Sidewalk Operations	\$147,964.00	\$155,362.20	\$163,130.31	\$171,286.83	\$179,851.17	\$188,843.73	\$198,285.91	\$208,200.21	\$218,610.22	\$229,540.73
Marketing/Identity Enhancement	\$25,000.00	\$26,250.00	\$27,562.50	\$28,940.63	\$30,387.66	\$31,907.04	\$33,502.39	\$35,177.51	\$36,936.39	\$38,783.21
Administrative/Corporate Operations	\$45,000.00	\$47,250.00	\$49,612.50	\$52,093.13	\$54,697.78	\$57,432.67	\$60,304.30	\$63,319.52	\$66,485.49	\$69,809.77
Contingency/Reserve	\$22,655.88	\$23,788.67	\$24,978.11	\$26,227.01	\$27,538.36	\$28,915.28	\$30,361.05	\$31,879.10	\$33,473.05	\$35,146.71
Total	\$240,619.88	\$252,650.87	\$265,283.42	\$278,547.59	\$292,474.97	\$307,098.72	\$322,453.65	\$338,576.33	\$355,505.15	\$373,280.41

**Temescal/Telegraph Avenue
Property Business Improvement District**

CITY OF OAKLAND - CALIFORNIA

**DISTRICT
ASSESSMENT ENGINEER'S
REPORT**

*Prepared by
Edward V. Henning,
California Registered Professional Engineer # 26549
Edward Henning & Associates
Phelan California*

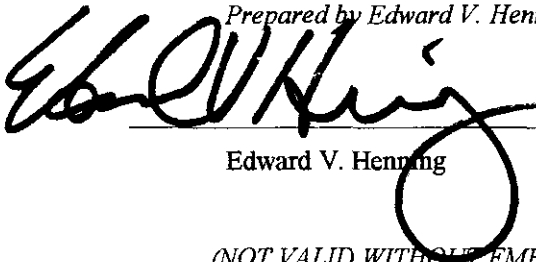
May 24, 2004

DISTRICT ASSESSMENT ENGINEER'S REPORT

To Whom It May Concern:

I hereby certify to the best of my professional knowledge and experience that each of the identified benefiting properties located within the proposed Temescal/Telegraph Avenue Property Business Improvement District will receive a special benefit over and above the benefits conferred on the public at large and that the amount of the proposed assessment is proportional to, and no greater than the benefits conferred on each respective property.

Prepared by Edward V. Henning, California Registered Professional Engineer # 26549



RPE #26549

May 24, 2004

Edward V. Henning

Date

(NOT VALID WITHOUT EMBOSSED CERTIFICATION SEAL AND SIGNATURE HERE)

Introduction

This report shall serve as the "detailed engineer's report" required by Section 4(b) of Article XIID of the California Constitution (Proposition 218) to support the benefit property assessments proposed to be levied within the Temescal/Telegraph Avenue Property Business Improvement District (Temescal/Telegraph Avenue PBID) in the City of Oakland, California being re-established for a ten year period. The discussion and analysis contained within constitutes the required "nexus" of rationale between assessment amounts levied and special benefits derived by properties within the Temescal/Telegraph Avenue PBID.

NOTE 1: The terminology "identified benefiting parcel" or "property" is used throughout this report pursuant to SB 919 - "Proposition 218 Omnibus Implementation Act" which clarified portions of Prop 218. It provides the Engineer and District Consultant with the ability to actually identify individual parcels which will benefit directly either in whole or in part from the proposed District funded programs and improvements and does not imply that all parcels receive assessable benefits.

Background

The Temescal/Telegraph Avenue PBID is a property-based benefit assessment type district being established pursuant to the City of Oakland's Business Improvement District Ordinance of 1999 (the "BID Ordinance") under Municipal Code #12190 which was fashioned in part from Section 36600 et seq. of the California Streets and Highways Code, also known as the Property and Business Improvement District Law of 1994 (the "Act"). Due to the benefit assessment nature of assessments levied within a PBID, district program costs are to be distributed amongst all identified benefiting properties based on the proportional amount of program benefit each property is expected to derive from the assessments collected. Within the BID Ordinance and the Act, frequent references are made to the concept of relative "benefit" received from PBID programs and activities versus amount of assessment paid. Only those properties expected to derive special benefits from PBID funded programs and activities may be assessed and only in an amount proportional to the relative benefits expected to be received.

The method used to determine benefits derived by each identified property within a PBID begins with the selection of a suitable and tangible basic benefit unit. For property related services, such as those proposed in the Temescal/Telegraph Avenue PBID, the benefit unit may be measured in linear feet of primary street frontage or parcel size in square feet or building size in square feet or number of building floors or proximity to major corridors in average linear feet, or any combination of these factors. Quantity takeoffs for each parcel are then measured or otherwise ascertained. From these figures, the amount of benefit units to be assigned to each property can be calculated. Special circumstances such as unique geography, land uses, development constraints etc. are carefully reviewed relative to specific programs and improvements to be funded by the PBID in order to determine any levels of diminished benefit which may apply on a parcel by parcel or categorical basis.

Based on the factors described above such as geography and nature of programs and activities proposed, an assessment formula is developed which is derived from a singular or composite basic benefit unit factor or factors. Within the assessment formula, different factors may be assigned different "weights" or percentage of values.

Next, all program and activity costs, including incidental costs, district administration, ancillary programs, and volunteer and comped resource and material credits are estimated. It is noted, as stipulated in Proposition 218, and now required of all property based assessment districts, indirect and general benefits may not be incorporated into the assessment formula and levied on the district properties; only direct or "special" benefits and costs may be considered. Indirect or general benefit costs must be calculated and factored out of the assessment cost basis to produce a "net" cost figure. In addition, Proposition 218 no longer exempts government owned property from paying benefit assessments and these properties must be factored into the assessment roll if special benefit is determined to be conferred upon such properties.

From this, the value of a basic benefit unit or “basic net unit cost” can be computed by dividing the total amount of estimated net program costs by the total number of benefit units. The amount of assessment for each parcel can be computed at this time by multiplying the Net Unit Cost times the number of Basic Benefit Units per parcel. This is known as “spreading the assessment” or the “assessment spread” in that all costs are allocated proportionally or “spread” amongst all properties within the PBID.

The method and basis of spreading program costs varies from one PBID to another based on local geographic conditions, types of programs and activities proposed, and size and development complexity of the district. PBIDs may require secondary benefit zones to be identified to allow for a tiered assessment formula for variable or “stepped-down” benefits derived.

Supplemental Proposition 218 Procedures and Requirements

Proposition 218, approved by the voters of California in November of 1996, adds a supplemental array of procedures and requirements to be carried out prior to levying a property-based assessment like the Temescal/Telegraph Avenue PBID. These requirements are in addition to requirements imposed by State and local assessment enabling laws. These requirements were “chaptered” into law as Article XIII D of the California Constitution and then further clarified by the Proposition 218 Omnibus Legislation in 1997 chaptered in section 53750 et seq of the California Government Code.

Since Prop 218 provisions will affect all subsequent calculations to be made in laying out the final property assessment roll for the Temescal/Telegraph Avenue PBID, Prop 218 requirements will be taken into account first. The key provisions of Prop 218 along with a description of how the Temescal/Telegraph Avenue PBID complies with each of these provisions is delineated below.

(Note: All section references below pertain to Article XIII of the California Constitution):

Finding 1. From Section 4(a): “Identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed”

There are 260 “identified” individual parcels within the Temescal/Telegraph Avenue PBID which will all derive some level of special benefit from the proposed District programs and activities. These parcels are shown on the Boundary Map within the Management District Plan and are listed as an attachment to the Plan - identified by assessor parcel number and site address. Three benefit zones have been identified within the District which generally includes all properties along Telegraph from 40th to the Berkeley border, Shattuck to the freeway bridge, Claremont one block up from Telegraph, and 51st Street to Children’s Hospital.

Finding 2. From Section 4(a): “Separate the general benefits from the special benefits conferred on parcel(s). Only special benefits are assessable. “

As stipulated by Prop 218, assessment district programs and activities confer a combination of general and special benefits to district properties, but the only program benefits which can be funded through assessments are those attributed to special property related benefits. Thus, a portion of the program costs must be considered attributable to general benefits and assigned a value. Conventional assessment engineering experience has found that general benefits within a given district typically average 10% of the total adjusted costs with a 5% deviation. (Total adjusted costs include actual proposed PBID program costs plus any additional supplemental or matching program costs as well as applied credits from sources such as start up grants, Board/Committee member service credits and specialized assessment reductions/adjustments.) There are three common methods for determining general and special benefit ratios within assessment districts:

- (1) The parcel by parcel allocation method
- (2) The program/activity line item allocation method, and
- (3) The composite district overlay determinant method.

The vast majority of PBIDs in California have used Method #3, the composite district overlay determinant method which will be used for the Temescal/Telegraph Avenue PBID. Using empirical data from other PBIDs, a focused range for general benefits from 5-15% is used. Based on a composite of district criteria such as the shape of the Temescal/Telegraph Avenue PBID, the existence of three benefit zones, a three-four element assessment formula, the proximity all of district properties to the applicable program benefit zones, and the nature of the proposed programs and activities, a specific “overlay” value of 7% is assigned to the general benefit portion of the total adjusted costs. This leaves a value of 93% assigned to special benefit related costs. Since the total program cost is estimated at \$260,719.88 (see Table 1 later in this Report), the maximum special benefit portion which can be recouped through property assessments, is \$242,469.49. Remaining costs which are attributed to general benefits, will need to be derived from other sources. (e.g. public/private matching grants, startup grants, startup volunteer credits or ongoing board member volunteer credits).

Finding 3. From Section 4(a): “(Determine) the proportionate special benefit derived by each parcel in relationship to the entirety of the.....cost of public improvement(s) or the maintenance and operation expenses.....or the cost of the property related service being provided.

The proportionate special benefit cost for each parcel is listed in an attachment to the Management District Plan. The individual percentages (i.e. proportionate relationship to the total special benefit related program and activity costs) were computed by dividing the individual parcel assessment by the total program costs.

Finding 4. From Section 4(a): “No assessment..... shall exceed the reasonable cost of the proportional special benefit conferred on parcel(s).”

Not only are the proposed program costs reasonable due to the benefit of group purchasing and contracting which would be possible through the Temescal/Telegraph Avenue PBID, they are also considerably less than other options considered by groups like the Temescal/Telegraph Avenue PBID Renewal Committee.

Finding 5. From Section 4(a): “Parcels.....that are owned or used by any (public) agency shall not be exempt from assessment.”

Any parcels within the District that are owned by public agencies would also be assessed and at rates equivalent to private sector owned parcels. The “fair market value” of such public properties is identical to surrounding privately owned parcels and any increased values and benefits derived from PBID programs and services would be similar for either public or privately owned parcels, with or without improvements. Just as the costs and effects of blight are shared by both public and private properties, so are the rewards of clean and safe as well as district promotions and marketing programs. Since there is no compelling finding or evidence that such properties would receive less direct benefit from the proposed PBID programs and services than surrounding private parcels, the same assessment rates would be levied.

Finding 6. From Section 4(b): “All assessments must be supported by a detailed engineer’s report prepared by a registered professional engineer certified by the State of California”.

This report shall serve as the “detailed engineer’s report” to support the benefit property assessments proposed to be levied within the Temescal/Telegraph Avenue PBID.

Finding 7. From Section 4(c): “The amount of the proposed assessment for each parcel shall be calculated (along with) the total amount thereof chargeable to the entire district, the duration of such payments, the reason for such assessment and the basis upon which the amount of the proposed assessment was calculated.”

The individual and total parcel assessments attributable to special property benefits are shown on an attachment to the Management District Plan. The district and resultant assessment payments will continue for ten years and may be renewed again at that time. The reasons (purposes) for the proposed assessments are outlined in the Management District Plan. The calculation basis of the proposed assessment for the PBID is attributed in part to the specific amount of property size, building size and primary street .

Special Benefit and Assessment Analysis

Step 1. Select “Basic Benefit Unit(s)”

PBID assessment formulas typically are based on either property street frontage or parcel and building size or location, all which can affect the amount of benefit conferred on a particular parcel and the proportionate assessment to be paid. The formula may base assessments on a single factor or a combination of factors.

Based on the nature of the program activities to be funded by the Temescal/Telegraph Avenue PBID, which relate to the proportionate amount of real estate (i.e. land) held in ownership, land use development (i.e. building area) and primary property street frontage, it has been determined that the assessments for the PBID will be based proportionately on a combination of parcel size, building size and street frontage.

The “Basic Benefit Unit” will be expressed as a function of land square footage (Basic Benefit “A” Units), building area (Basic Benefit “B” Units) and linear feet of property frontage (Basic Benefit “C” Units). Based on the shape of the Temescal/Telegraph Avenue PBID, as well as the nature of the District program elements, it is determined that three benefit zones exist in which identified properties will gain a direct, albeit, proportionate degree of benefit based on the respective amount of parcel size, building size and primary street street frontage.

Step 2. Quantify Total Basic Benefit Units

Taking into account all identified benefiting properties, there are 2,599,552 square feet of parcel land area within the District, 1,526,586 square feet of building area (of which 634,504 is assessable) and 19,297 linear feet of property street frontage. Since the selected Basic Benefit Unit is based on a combination of parcel area, building area and street frontage, there are, in turn, corresponding amounts of Basic Benefit Units in the PBID as shown in Step 7 herein.

Step 3. Calculate Benefit Units for Each Property.

The number of Benefit Units for each identified benefiting parcel within the Temescal/Telegraph Avenue PBID was computed from data extracted from City of Oakland, Alameda County and third party real estate data services property and land use records. These data sources delineate current land uses, property areas and dimensions of record for each tax parcel and are listed as an attachment to the Management District Plan. While it is understood that this data does not represent legal field survey measurements or detailed title search of recorded land subdivision maps or building records, it does provide an acceptable basis for the purpose of calculating property based assessments. All respective property data being used for assessment computations has been provided to each property owner in the PBID for their review. All known or reported discrepancies or errors have been corrected.

Step 4. Determine Assessment Formula

For a District with a single Basic Benefit Unit with one Benefit Zone, the assessment formula would be the same for each identified benefiting property as follows:

$$\text{Number of Basic Benefit Units} \times \text{Basic Unit Cost} = \text{PBID Assessment}$$

The Temescal/Telegraph Avenue PBID assessment is to be based on three Basic Benefit Unit factors; land square footage (Basic Benefit "A" Units), building area (Basic Benefit "B" Units) and linear feet of property frontage (Basic Benefit "C" Units). It has been determined that the assessment should be based partially on parcel size, building size and street frontage as follows:

Zone 1:

$$\begin{aligned} \text{Assessment} = & \text{[(No. of Benefit "A-1"Units} \times \text{Basic "A-1" Unit Cost)]} + \\ & \text{[(No. of Benefit "B-1" Units} \times \text{Basic "B-1" Unit Cost)]} + \\ & \text{[(No. of Benefit "C-1" Units} \times \text{Basic "C-1" Unit Cost)]} \end{aligned}$$

Zone 2:

$$\begin{aligned} \text{Assessment} = & \text{[(No. of Benefit "A-2"Units} \times \text{Basic "A-2" Unit Cost)]} + \\ & \text{[(No. of Benefit "B-2" Units} \times \text{Basic "B-2" Unit Cost)]} + \\ & \text{[(No. of Benefit "C-2" Units} \times \text{Basic "C-2" Unit Cost)]} \end{aligned}$$

Zone 3:

$$\begin{aligned} \text{Assessment} = & \text{[(No. of Benefit "A-3"Units} \times \text{Basic "A-3" Unit Cost)]} + \\ & \text{[(No. of Benefit "B-3" Units} \times \text{Basic "B-3" Unit Cost)]} + \\ & \text{[(No. of Benefit "C-3" Units} \times \text{Basic "C-3" Unit Cost)]} \end{aligned}$$

Note: Benefit "B" Unit Costs are only applied to retail, office and industrial land uses. Other uses are exempt.

Step 5. Estimate Total Program and Activity Costs

Total estimated proposed program and activity costs are shown below in Table 1. These costs include expenses for general as well as special benefits and related programs/activities.

TABLE 1**Estimated Total Year 1 Program & Activity Costs (Special+General Benefits)**

Program/Activity	Year 1	%
Public Rights of Way & Sidewalk Operations	\$147,964.00	56.75%
Marketing/Identity Enhancement	\$25,000.00	9.59%
Administration/Corporate Operations	\$45,000.00	17.26%
Contingency/Reserve	\$22,655.88	8.69%
Misc Costs (Credits)	\$20,100.00	7.71%
Total	\$260,719.88	100.00%

Step 6. Separate General Benefits from Special Benefits and Related Costs (Prop 218)

Total program and activity costs are estimated at \$260,719.88 (see Table 1 above). General benefits are factored at 7% of total (see Finding 2 on page 5 of this report) with special benefits set at 93%. Prop 218 limits the levy of property assessments to costs attributed to special benefits only. The 7% general benefit cost is computed to be \$18,250.39 with a resultant 93% special benefit limit computed at \$242,469.49. This is the maximum amount of revenue that can be derived from property assessments from the subject PBID. The total amount of revenue proposed to be derived from PBID assessments is \$240,619.88 for Year 1, which is less than the special benefit limit of \$242,469.49. Therefore, no Prop 218 adjustments need to be made to the proposed assessment formula. All program costs associated with general benefits will be derived from sources or credits other than PBID assessments as shown below in Table 2.

TABLE 2

Total Adjusted Year 1 Revenue (For Special + General Benefit Programs/Activities)

Funding Source	Subtotal Revenue	% of Total
PBID Assessments	\$240,619.88	92.29%
PBID Formation Pro-rated Credit/Year (\$35,000 base)	\$3,500.00	1.34%
PBID Formation Pro-Rated Volunteer Credit/Year (50% base)	\$1,750.00	0.67%
Annual Board/Volunteer Credit (35% base Admin)	\$14,850.00	5.70%
TOTAL ADJUSTED REVENUE	\$260,719.88	100.00%

Step 7. Calculate “Basic Unit Cost” (Special Benefits Only)

With a Year 1 budget of \$240,619.88 (special benefit only), the Basic Unit Costs (“A”, “B” and “C”) would be:

- Basic Unit “A-1” Cost = \$0.078119/unit
- Basic Unit “B-1” Cost = \$0.060952/unit
- Basic Unit “C-1” Cost = \$6.815684/unit
- Basic Unit “A-2” Cost = \$0.047216/unit
- Basic Unit “B-2” Cost = \$0.023468/unit
- Basic Unit “C-2” Cost = \$1.1181375/unit
- Basic Unit “A-3” Cost = \$0.009299/unit
- Basic Unit “B-3” Cost = \$0.00/unit
- Basic Unit “C-3” Cost = \$11.045231/unit

Note: Benefit “B” Unit Costs are only applied to retail, office and industrial land uses. Other uses are exempt.

Since the PBID is planned for a ten year term, maximum assessments for future years (Years 2 through 10) must be set at the inception of the PBID. A maximum annual flat rate increase of 5% may be imposed each year, subject to approval by the PBID Board.

Step 8. Spread the Assessments

The resultant assessment spread calculations for each parcel within the PBID are shown in an attachment to the District Management Plan and were determined by applying the District assessment formula to each identified benefiting property. This list of all identified benefiting parcels in the PBID delineates each parcel and benefit units for property street frontage and parcel area.

EDWARD HENNING & ASSOCIATES

Edward Henning and Associates is a multi-disciplined consulting firm offering a diverse range of community development and funding services focusing on downtown business districts and the unique problems and opportunities associated with center city areas.

Types of services provided

- Business Improvement District (BID & PBID) Formations, Modifications, Expansions, Updates
- Prop 218 Assessment Engineering Analyses and Reports (Licensed Engineer)
- Downtown Revitalization Plans/Redevelopment Planning and Implementation
- Establish/Administer/Field Supervision for Rehabilitation Programs and Projects
- Architectural Design Guidelines/ Sign Ordinances

Partial list of agencies and clients represented

- Town of Apple Valley PBID Formation (Village)
- City of Berkeley BID Formation (Downtown)
- City of Buena Park BID Formation Analysis (Auto Row & Entertainment Corridor)
- City of Culver City BID Formation (Downtown)
- City of Huntington Park BID Formation (Pacific Blvd.)
- City of Huntington Beach BID Formation (Auto Row District)
- City of Los Angeles
 - Gateway to LAX PBID Formation & Renewal (Prop 218 Compliance)
 - Historic Downtown Core PBID Formation (Prop 218 Compliance)
 - Hollywood District PBID Formation (Prop 218 Compliance)
 - Melrose/Fairfax PBID Formation (Prop 218 Compliance)
 - Larchmont PBID Formation & Renewal
 - Los Feliz BID Formation
 - San Fernando Valley (6 areas) PBID Formation (Prop 218 Compliance)
 - San Vicente Private Sector PBID Formation
 - Wilshire Center Hybrid BID/PBID Formation
- City of Monterey Park BID Modification (Downtown)
- City of Napa PBID Formation (Downtown)
- City of Newport Beach BID Advising
- City of Ontario (Downtown) BID Modification
- City of Oxnard PBID Formation (Downtown)
- City of Pasadena PBID Formation (Playhouse District)
Citywide Tourist Improvement District (TID)
- Placer County (Tahoe City) PBID Formation (Downtown)
- City of San Francisco (Union Square) PBID Formation (Prop 218 Compliance)
- City of Vacaville BID Formation (Downtown)
Citywide Tourist Improvement District Evaluation (TID)
- City of Whittier BID Modification (Uptown)
- City of Yucaipa PBID Formation & Renewal(Uptown)

APPENDIX I

LIST OF PARCELS TO BE ASSESSED

TEMESCAL/TELEGRAPH AVENUE PBID

PARCELS TO BE ASSESSED

<u>APN</u>	<u>Annual Assessment</u>	<u>APN</u>	<u>Annual Assessment</u>	<u>APN</u>	<u>Annual Assessment</u>
012 1010 001 00	\$525.07	013 1150 015 00	\$2,885.99	013 1159 001 00	\$666.52
012 1010 002 00	\$199.08	013 1150 016 00	\$570.36	013 1159 002 00	\$338.83
012 1010 003 00	\$631.19	013 1150 017 01	\$1,225.97	013 1159 003 00	\$448.35
012 1010 004 00	\$111.49	013 1150 019 02	\$1,097.07	013 1160 001 00	\$179.36
012 1010 005 00	\$388.46	013 1151 017 00	\$1,613.07	013 1160 002 00	\$216.57
012 1010 006 00	\$600.57	013 1151 018 00	\$1,797.03	013 1160 003 00	\$237.30
012 1011 018 02	\$3,551.82	013 1151 020 01	\$2,111.15	013 1160 004 00	\$318.17
012 1012 001 00	\$717.47	013 1151 022 01	\$3,051.86	013 1160 005 00	\$992.11
012 1012 005 02	\$261.66	013 1152 001 00	\$2,217.72	013 1161 001 00	\$732.66
012 1012 005 03	\$1,241.72	013 1152 016 00	\$1,034.68	013 1161 002 00	\$636.24
012 1013 001 00	\$727.76	013 1152 017 00	\$1,284.52	013 1162 001 00	\$324.25
012 1013 002 00	\$303.98	013 1152 018 00	\$1,262.57	013 1162 002 01	\$317.00
012 1013 003 00	\$256.57	013 1152 019 00	\$1,154.44	013 1162 003 01	\$342.08
012 1013 004 00	\$517.48	013 1152 020 00	\$1,939.25	013 1162 004 00	\$309.78
013 1094 001 00	\$903.95	013 1152 021 00	\$1,124.40	013 1162 006 05	\$949.97
013 1094 002 00	\$368.33	013 1154 002 00	\$1,584.40	013 1162 007 00	\$550.12
013 1094 003 00	\$368.37	013 1154 003 00	\$1,087.21	013 1162 008 00	\$200.69
013 1095 001 00	\$423.43	013 1154 005 00	\$269.18	013 1162 009 01	\$388.00
013 1095 002 00	\$369.52	013 1154 009 04	\$4,577.20	014 1205 019 01	\$15,382.95
013 1095 004 01	\$724.00	013 1154 009 05	\$12,638.37	014 1206 003 00	\$405.92
013 1095 005 00	\$347.10	013 1155 005 04	\$2,118.95	014 1206 004 00	\$405.92
013 1096 001 00	\$208.63	013 1155 005 07	\$846.53	014 1206 026 01	\$7,994.36
013 1096 002 00	\$202.49	013 1155 005 09	\$544.84	014 1215 005 01	\$3,104.64
013 1096 003 02	\$259.39	013 1155 005 10	\$224.13	014 1215 019 00	\$188.43
013 1096 004 01	\$934.36	013 1155 006 01	\$1,260.81	014 1215 020 00	\$173.55
013 1097 026 00	\$346.99	013 1155 008 00	\$354.42	014 1216 003 00	\$275.78
013 1097 027 00	\$306.39	013 1156 001 00	\$243.17	014 1216 004 00	\$272.00
013 1097 028 01	\$1,347.70	013 1156 002 00	\$1,189.74	014 1216 005 00	\$336.46
013 1098 028 00	\$352.77	013 1156 003 01	\$535.65	014 1216 031 02	\$2,672.77
013 1098 029 00	\$381.55	013 1156 004 00	\$456.05	014 1217 012 00	\$416.29
013 1098 033 04	\$1,545.27	013 1156 005 00	\$1,360.21	014 1218 012 03	\$3,537.45
013 1099 025 01	\$944.43	013 1156 006 00	\$440.86	014 1218 017 11	\$4,617.69
013 1099 026 00	\$645.04	013 1156 007 00	\$614.30	014 1219 002 00	\$708.53
013 1099 028 00	\$457.89	013 1156 008 01	\$132.70	014 1219 003 00	\$1,824.78
013 1099 043 00	\$2,393.37	013 1157 001 00	\$3,622.75	014 1219 004 00	\$760.59
013 1150 014 00	\$4,401.70	013 1158 001 00	\$405.31	014 1219 005 00	\$597.60

TEMESCAL/TELEGRAPH AVENUE PBID

PARCELS TO BE ASSESSED

<u>APN</u>	<u>Annual Assessment</u>	<u>APN</u>	<u>Annual Assessment</u>	<u>APN</u>	<u>Annual Assessment</u>
014 1219 006 00	\$597.60	014 1276 040 06	\$42.65	015 1380 028 00	\$42.71
014 1219 007 00	\$597.60	014 1276 041 01	\$1,199.32	015 1380 029 00	\$42.71
014 1219 008 02	\$574.03	014 1276 042 02	\$3,254.28	015 1380 030 00	\$42.71
014 1219 010 03	\$2,209.21	015 1277 003 01	\$32.36	015 1380 031 00	\$42.71
014 1219 014 00	\$603.85	015 1277 003 02	\$346.31	015 1380 032 00	\$42.71
014 1219 015 00	\$594.48	015 1277 004 00	\$304.73	015 1380 033 00	\$42.71
014 1219 016 00	\$644.08	015 1277 005 01	\$464.35	015 1380 034 00	\$42.71
014 1220 015 02	\$13,417.92	015 1277 012 01	\$324.66	015 1380 035 01	\$42.71
014 1221 002 05	\$731.38	015 1277 014 01	\$295.15	015 1380 035 02	\$42.71
014 1221 002 06	\$9,215.72	015 1277 016 01	\$295.15	015 1381 008 01	\$703.58
014 1221 027 01	\$1,709.81	015 1277 018 00	\$295.15	015 1381 009 01	\$561.97
014 1224 010 01	\$2,245.17	015 1277 019 01	\$295.15	015 1382 005 00	\$206.79
014 1225 001 00	\$999.80	015 1277 021 01	\$295.15	015 1382 006 00	\$206.79
014 1225 009 03	\$926.68	015 1277 023 00	\$295.15	015 1382 007 00	\$208.40
014 1225 010 01	\$3,184.34	015 1277 024 00	\$324.66	015 1382 009 01	\$797.76
014 1225 012 00	\$454.63	015 1277 036 00	\$555.38	015 1383 002 00	\$337.00
014 1225 013 00	\$321.73	015 1277 037 01	\$295.15	015 1383 003 00	\$318.66
014 1225 014 00	\$246.37	015 1277 039 01	\$295.15	015 1383 005 00	\$638.68
014 1225 015 01	\$1,016.53	015 1277 041 01	\$607.00	015 1383 006 00	\$189.84
014 1225 017 02	\$1,725.46	015 1373 005 00	\$587.87	015 1383 007 00	\$290.43
014 1225 020 01	\$2,127.03	015 1373 006 00	\$471.01	015 1383 008 00	\$128.26
014 1225 023 00	\$926.68	015 1379 001 01	\$589.41	015 1383 009 00	\$119.20
014 1225 024 00	\$602.64	015 1379 002 01	\$488.84	015 1383 011 01	\$512.39
014 1225 025 00	\$670.88	015 1379 003 00	\$443.92	015 1383 014 00	\$343.02
014 1226 001 00	\$508.62	015 1379 028 04	\$1,159.31	015 1383 015 00	\$170.11
014 1226 009 02	\$803.25	015 1379 029 00	\$398.46	016 1385 015 00	\$272.62
014 1226 013 00	\$3,421.75	015 1379 030 00	\$366.55	016 1385 016 00	\$254.67
014 1227 037 07	\$1,467.57	015 1380 001 00	\$308.75	016 1385 017 00	\$231.44
014 1227 038 02	\$1,246.28	015 1380 002 00	\$277.44	016 1385 018 00	\$257.79
014 1227 039 02	\$280.50	015 1380 021 00	\$42.71	016 1385 019 00	\$314.65
014 1227 040 02	\$417.94	015 1380 022 00	\$42.71	016 1386 011 00	\$473.66
014 1276 034 05	\$1,225.87	015 1380 023 00	\$42.71	016 1386 012 02	\$299.73
014 1276 035 00	\$533.38	015 1380 024 00	\$42.71	016 1386 014 01	\$674.82
014 1276 036 00	\$330.55	015 1380 025 00	\$42.71	016 1387 001 00	\$338.49
014 1276 037 00	\$484.01	015 1380 026 00	\$42.71	016 1387 016 00	\$1,088.62
014 1276 038 01	\$401.40	015 1380 027 00	\$42.71	016 1388 001 00	\$648.96

TEMESCAL/TELEGRAPH AVENUE PBID

PARCELS TO BE ASSESSED

<u>APN</u>	<u>Annual Assessment</u>	<u>APN</u>	<u>Annual Assessment</u>	<u>APN</u>	<u>Annual Assessment</u>
016 1388 013 00	\$328.11	016 1424 015 01	\$137.90		
016 1388 014 00	\$209.72	016 1424 016 02	\$548.55		
016 1388 015 00	\$294.15	016 1424 017 00	\$593.81		
016 1390 007 00	\$448.65	016 1424 018 00	\$302.64		
016 1390 008 01	\$743.25	016 1424 019 02	\$245.14		
016 1390 009 00	\$219.51	016 1424 019 03	\$214.59		
016 1390 019 00	\$353.15	016 1424 021 00	\$717.34		
016 1390 021 01	\$573.05	016 1424 022 05	\$834.75		
016 1391 019 00	\$538.64				
016 1391 020 00	\$269.04				
016 1391 021 00	\$278.23				
016 1391 022 00	\$263.78				
016 1391 023 00	\$225.73				
016 1391 034 01	\$487.44				
016 1391 036 01	\$931.90				
016 1415 021 00	\$343.67				
016 1415 022 00	\$152.63				
016 1415 023 00	\$175.53				
016 1415 024 00	\$406.11				
016 1415 025 00	\$171.90				
016 1415 026 00	\$217.60				
016 1416 018 00	\$727.81				
016 1416 019 00	\$346.51				
016 1416 021 01	\$512.26				
016 1416 022 00	\$552.62				
016 1416 023 00	\$232.01				
016 1421 016 01	\$574.71				
016 1421 017 00	\$375.42				
016 1421 018 00	\$398.42				
016 1421 019 01	\$246.29				
016 1422 002 02	\$800.63				
016 1422 004 00	\$295.85				
016 1422 005 00	\$487.78				
016 1422 021 00	\$371.43				
016 1424 013 00	\$644.03				
016 1424 014 00	\$215.09				